

16.4. Approval of the interrelated Guarantee agreements to be executed between the Company and the creditor banks for the fulfillment of INTER RAO Credit B.V. obligations under the credit agreements and agreements on granting a guarantee in favor of INTER RAO Credit BV for the purpose of export credit agency (ECA) financing of the purchase of the main power equipment as part of the investment projects of the Group "Inter RAO.

In view of the deficit of sources of finance for the Group's 2015 Investment Program totaling RUB 31.7 billion in accordance with the Mid-Term Investment Program for 2014-2019, as approved by the Management Board of JSC Inter RAO, and in view of the related need to attract borrowed funds, in addition to commercial loans taken out as part of the Group's ordinary course of business, the Group also plans to use the mechanism of export loans to enable companies of the Group to purchase main power-generating equipment, with insurance coverage to be obtained from export credit agencies.

Furthermore, there may be a direct loan obtained to finance a certain supply of equipment or refinancing of the already paid for supplies with the subsequent spending of the funds to finance and refinance the costs incurred by companies of the Group to implement their investment programs.

Using this financing mechanism would lead to savings of at least 3% per annum in euros in addition to the mid-term mechanisms of lending and borrowing that are used in the Group. Furthermore, where the ECA (Export Credit Agency) insurance mechanism is employed, the loan periods (up to 11-12 years) significantly exceed the average market loan periods offered by commercial banks in the absence of such insurance coverage (up to 7 years).

The borrower under these loans will be Inter RAO Credit B.V., a company of Inter RAO Group, specializing in centralized external borrowings and intra-group lending and borrowing transactions of the Group. Attracting external borrowings through Inter RAO Credit B.V. would allow to reduce the cost of borrowing for the Group and each of the S&A and subsidiaries and affiliates of S&A by enlarging the attraction and use of the credit potential and the credit capacity of the entire Group, rather than an individual subsidiary/affiliate or subsidiary/affiliate of S&A. The Group's credit rating is significantly higher than that of any of the operating subsidiaries and affiliates due to the significant positive impact that government involvement and support has on the Group's credit rating.

In addition, due to the centralization of borrowings, the mechanism in question would allow minimizing the non-financial obligations as part of the attraction of borrowed funds, such as a cross default, the possibility of change of company control/business, the possibility of the sale of assets, etc., as well as simplifying the procedure for obtaining financial resources.

The issuance by JSC Inter RAO of a guarantee(s) is required to secure the performance by Inter RAO Credit B.V. of all the payment obligations under potential external debts to finance the purchase of main power-generating equipment as part of the implementation of the investment projects of Inter RAO Group against security provided by an export credit agency in an amount of up to RUB 15 billion, as established with account taken of the limit of mid-term financing and refinancing for the investment activities carried out by companies of the Group, as well as with account taken of the investment projects being planned that are related to the import of foreign-made main power-generating equipment.

Under the Resolution of the Annual of the General Meeting of Shareholders (Items 12.5.1-12.5.2 of Minutes No. 13 dated June 25, 2013), a similar transaction has already been closed to issue a suretyship/guarantee of JSC Inter RAO to ING Bank for the obligations of Inter RAO Credit B.V. under the Loan Agreement dated December 18, 2013 for EUR 45,812,272.36 against the guarantee of the ECA Euler Hermes

Kreditversicherungs-AG, Germany, until June 18, 2023. (10.5 years.) Furthermore, the effective interest rate for a euro-denominated loan did not exceed 2% per annum.

The loan agreement in question provides that the price of the equipment manufactured by Siemens AG and paid for by the General Contractor, JSC Inter RAO — Electric Power Plants, will be refunded to JSC Inter RAO — Electric Power Plants at the expense of the loan funds and may be spent to finance and refinance the investment program of JSC Inter RAO — Electric Power Plants.

In view of the enactment from January 1, 2012 of Federal Law No. 227-FZ On Amendments to Certain Legislative Acts of the Russian Federation in Connection with the Improvement of the Pricing Principles for Tax Purposes dated July 18, 2011, and the Transfer Pricing Rules, JSC Inter RAO is required to issue intra-group suretyships/guarantees on a fee basis.

The amount of such a fee shall be up to three tenths of a percent (0.3%) per annum (plus eighteen percent (18%) VAT) of the value of the obligations, including the principal amount and interest (except for late charges (penalties) accrued due to the Debtor's default on its payment obligations under a loan agreement(s), secured by the suretyship/guarantee.

Based on the structure of the revenues of Inter RAO Group, transactions are to be approved on the conditions of a multi-currency price. However, it is not planning to take loans and extend loans in a currency other than Russian rubles. Transactions denominated in foreign currency may be performed only in exceptional circumstances and may be related to the implementation of an investment project abroad or a higher commercial effectiveness as compared with the terms of financing in Russian rubles.

As per article 81 of the Federal Law on Joint Stock Companies the transactions submitted for approval are classified as interested-party transactions. The interested parties are:

- Member of the Board of Directors, the Chairman of the Management Board of the Company B. Yu. Kovalchuk as his father Yu. V. Kovalchuk holds more than 20% of voting shares in the JSC AB ROSSIYA.


- Member of the Board of Directors of the Company V. A. Dmitriev as he is the Chairman of the State Corporation Bank for Development and Foreign Economic Affairs (Vnesheconombank), the Chairman of CJSC Roseximbank and at the same time Vnesheconombank holds more than 20% of voting shares in OJSC Svyaz Bank.

- Member of the Management Board of JSC Inter RAO D.N. Palunin as he is Director A of Inter RAO Credit B.V.;

- Member of the Management Board of JSC Inter RAO A.A. Pakhomov, as he is Sole Executive Officer of Inter RAO Management B.V. that is Director B of Inter RAO Credit B.V.

According to clause 3, Article 49 of the Federal Law "On Joint-Stock Companies", the resolution of the General Meeting of Shareholders on approval of the interested party transactions may be adopted at the suggestion of the Board of Directors only.

According to clause 7, Article 83 and Article 77 of the Federal Law "On Joint-Stock Companies" when the interested party transaction is subject to the approval by the General Meeting of Shareholders the price of such transaction shall be determined by the Board of Directors.

 Recommendations to the Annual General Meeting on the approval of these transactions were made at the meeting of the Board of Directors on April 07, 2015 (Minutes dated April 09, 2015 № 138), as well as the price (monetary value) of the property (funds) under the transactions was determined in the following amounts:

→ *Under the suretyship agreement(s) to be entered by and between JSC Inter RAO and/or VTB Bank OJSC, and/or VTB Capital plc, and/or Sberbank of Russia OJSC, and/or Bank Rossiya OJSC, and/or Alfa-Bank OJSC, and/or Absolute Bank JSCB (OJSC), and/or Sobinbank OJSC, and/or*

Roseximbank CJSC, and/or the Credit Bank of Moscow OJSC, and/or Svyaz Bank OJSC, and/or Rosbank JSCB (OJSC), and/or Petrocommerce Bank OJSC, and/or the Bank of Development and Foreign Economic Activities (Vnesheconombank) (State Corporation), and/or the Eurasian Bank of Development, and/or the Bank of Tokyo-Mitsubishi UFJ (Eurasia), and/or the European Bank For Reconstruction and Development, and/or Nordea Bank OJSC, and/or ING Bank N.V., ING Bank, a branch of ING DiBa AG, and/or Commerzbank AG, and/or HSBC Holdings plc, and/or Raiffeisenbank CJSC, and/or Mizuho Bank, and/or Sumitomo Mitsui Banking Corporation, and/or UniCredit Group, and/or the Bank of America Corporation, and/or Barclays Bank, and/or BNP Pariba CJSC, and/or Goldman Sachs, and/or Deutsche Bank, and/or Intesa Sanpaolo, and/or the Royal Bank of Scotland, and/or the Bank of America Merrill Lynch, and/or Citigroup, and/or the China Construction Bank (CCB), and/or UBS, and/or Société Générale, and/or the Bank of Georgia, and/or the Industrial and Commercial Bank of China (ICBC), and/or ICICI Bank, and/or JPMorgan Chase & Co, and/or KfW Bankengruppe, and/or IFC Group, and/or the World Bank Group, and/or Morgan Stanley, and/or Amsterdam Trade Bank N.V., and/or Crédit Agricole S.A., and/or Credit Suisse Group AG, and/or the European Investment Bank and/or other legal entities affiliated with these banks (hereinafter referred to collectively as the "Banks," individually as a "Bank") and/or the issuance by JSC Inter RAO of a guarantee(s) in favor of the aforesaid entities to secure the performance by Inter RAO Credit B.V. of all the payment obligations under the loan agreements to finance the purchase of the main power-generating equipment as part of the implementation of the investment projects of Inter RAO Group against security provided by an export credit agency, to be entered into by and between Inter RAO Credit B.V. with any of the Banks, in an amount that shall not exceed Fifteen Billion Rubles (RUB 15,000,000,000.00), or an equivalent of that amount in USD or EUR, for a term of not more than twelve (12) years after the date of the loan agreements, increased by the absolute amount of interest that shall not be more than the key rate of the Central Bank of Russia plus five (5) percent per annum, or Mosprime plus three (3) percent per annum for loan agreements in Russian rubles, for loan agreements in USD or EUR, it shall not be more than four (4) percent per annum, or LIBOR/ EURIBOR plus three and half (3.5) percent per annum and the origination fee that shall not be more than three (3) percent of the credit limit, all fees and other costs and expenses incurred to arrange for and service the loan agreements and the suretyship/guarantee agreements.

→ Under the agreement(s) for issuing a suretyship or a guarantee to secure the obligations of Inter RAO Credit B.V. (the "Debtor") to GPB (OJSC) and/or VTB Bank OJSC, and/or VTB Capital plc, and/or Sberbank of Russia OJSC, and/or Bank Rossiya OJSC, and/or Alfa-Bank OJSC, and/or Absolute Bank JSCB (OJSC), and/or Sobinbank OJSC, and/or Roseximbank CJSC, and/or the Credit Bank of Moscow OJSC, and/or Svyaz Bank OJSC, and/or Rosbank JSCB (OJSC), and/or Petrocommerce Bank OJSC, and/or the Bank of Development and Foreign Economic Activities (Vnesheconombank) (State Corporation), and/or the Eurasian Bank of Development, and/or the Bank of Tokyo-Mitsubishi UFJ (Eurasia), and/or the European Bank For Reconstruction and Development, and/or Nordea Bank OJSC, and/or ING Bank N.V., ING Bank, a branch of ING DiBa AG, and/or Commerzbank AG, and/or HSBC Holdings plc, and/or Raiffeisenbank CJSC, and/or Mizuho Bank, and/or Sumitomo Mitsui Banking Corporation, and/or UniCredit Group, and/or the Bank of America Corporation, and/or Barclays Bank, and/or BNP Pariba CJSC, and/or Goldman Sachs, and/or Deutsche Bank, and/or Intesa Sanpaolo, and/or the Royal Bank of Scotland, and/or the Bank of America Merrill Lynch, and/or Citigroup, and/or the China Construction Bank (CCB), and/or UBS, and/or Société Générale, and/or Bank of Georgia, and/or the Industrial and Commercial Bank of China (ICBC), and/or ICICI Bank, and/or JPMorgan Chase & Co, and/or KfW Bankengruppe, and/or IFC Group, and/or the World Bank Group, and/or Morgan Stanley, and/or Amsterdam Trade Bank N. V., and/or Crédit Agricole S.A., and/or Credit Suisse Group AG, and/or the European Investment Bank and/or other legal entities affiliated with these banks, in the amount of remuneration payable to JSC Inter RAO (the "Surety/Guarantor") for issuing a suretyship/guarantee, that shall be up to three tenths of a percent (0.3%) per annum (plus eighteen percent (18%) VAT) of the value of the obligations, including the principal amount and interest (except for late charges (penalties) accrued due to the Debtor's default on its payment obligations under a loan agreement(s), secured by the suretyship/guarantee.

Annual General Meeting of Shareholders is proposed to adopt the following resolutions:

16.4. Approve as an interested party transaction (several interrelated transactions) the following agreements:

16.4.1. The suretyship agreement(s) to be entered into by and between JSC Inter RAO and/or GPB (OJSC), and/or VTB Bank OJSC, and/or VTB Capital plc, and/or Sberbank of Russia OJSC, and/or Bank Rossiya OJSC, and/or Alfa-Bank OJSC, and/or Absolute Bank JSCB (OJSC), and/or Sobinbank OJSC, and/or Roseximbank CJSC, and/or the Credit Bank of Moscow OJSC, and/or Svyaz Bank OJSC, and/or Rosbank JSCB (OJSC), and/or Petrocommerce Bank OJSC, and/or the Bank of Development and Foreign Economic Activities (Vnesheconombank) (State Corporation), and/or the Eurasian Bank of Development, and/or the Bank of Tokyo-Mitsubishi UFJ (Eurasia), and/or European Bank for Reconstruction and Development, and/or Nordea Bank OJSC, and/or ING Bank N.V., ING Bank, a branch of ING DiBa AG, and/or Commerzbank AG, and/or HSBC Holdings plc, and/or Raiffeisenbank CJSC, and/or Mizuho Bank, and/or Sumitomo Mitsui Banking Corporation, and/or UniCredit Group, and/or Bank of America Corporation, and/or Barclays Bank, and/or PNP Pariba CJSC, and/or Goldman Sachs, and/or Deutsche Bank, and/or Intesa Sanpaolo, and/or the Royal Bank of Scotland, and/or the Bank of America Merrill Lynch, and/or Citigroup, and/or the China Construction Bank (CCB), and/or UBS, and/or Société Générale, and/or the Bank of Georgia, and/or the Industrial and Commercial Bank of China (ICBC), and/or ICICI Bank, and/or JPMorgan Chase & Co, and/or KfW Bankengruppe, and/or IFC Group, and/or the World Bank Group, and/or Morgan Stanley, and/or Amsterdam Trade Bank N. V., and/or Crédit Agricole S.A., and/or Credit Suisse Group AG, and/or The European Investment Bank and/or other legal entities affiliated with these banks (hereinafter referred to collectively as the "Banks," individually as a "Bank") and/or the issuance by JSC Inter RAO of a guarantee(s) in favor of the aforesaid entities to secure the performance by Inter RAO Credit B.V. of all the payment obligations under the loan agreements to finance the purchase of the main power-generating equipment as part of the implementation of the investment projects of Inter RAO Group against security provided by an export credit agency, to be entered into by and between Inter RAO Credit B.V. with any of the Banks on the following material terms and conditions (for each of the agreements):

16.4.1.1. The Parties: JSC Inter RAO as Surety (Guarantor); a Bank as Lender; and Inter RAO Credit B.V. as Beneficiary of the agreement(s) (Debtor);

16.4.1.2. Subject-matter: The Surety (Guarantor) will be jointly and severally liable to the Lender for the performance by Inter RAO Credit B.V. (the "Debtor") of the Debtor's obligations to the Lender regarding the repayment of the principal amount, interest, late charges, fees, and any other payment as set forth by the loan agreements entered into by and between the Debtor and that Lender.

16.4.1.3. Substance of the obligations secured by a suretyship/guarantee and the contract price: The repayment by the Debtor to the Lender(s) of the funds to finance the purchase of main power-generating equipment as part of the implementation of the investment projects of Inter RAO Group against security provided by an export credit agency for the principal amount that shall not exceed Fifteen Billion Rubles (RUB 15,000,000,000.00), or an equivalent of that amount in USD or EUR, for a term of not more than twelve (12) years after the date of the loan agreements, increased by the absolute amount of interest that shall not be more than the key rate of the Central Bank of Russia plus five (5) percent per annum, or Mosprime plus three (3) percent per annum for loan agreements in Russian rubles, for loan agreements in USD or EUR, it shall not be more than four (4) percent per annum or LIBOR/ EURIBOR plus three and half (3.5) percent per annum and the origination fee not more than three (3) percent of the credit limit, all fees and other costs and expenses incurred to arrange for and service the loan agreements and the suretyship/guarantee agreements, as well as late charges (penalties) accrued due to the Debtor's default on its payment obligations under the loan agreements.

16.4.1.4. The term of a suretyship/guarantee agreement(s): up to three (3) years after the expiration of the period for the performance of the obligations secured by a suretyship/guarantee.

16.4.2. The agreement(s) for issuing a suretyship or a guarantee for the obligations of Inter RAO Credit B.V. under potential external debts to finance the purchase of main power-generating equipment as part of the implementation of the investment projects of Inter RAO Group against security provided by an export credit agency on the following material terms and conditions (for each of the agreements):

16.4.2.1. *The parties to the agreement(s) are:*

- *Inter RAO Credit B.V. as Debtor; and*
- *JSC Inter RAO as Surety (Guarantor).*

16.4.2.2. *Subject-matter of the agreement(s): In return for remuneration payable by the Debtor, the Surety/Guarantor will issue a suretyship/guarantee for the performance by the Debtor of the obligations under potential external debts to finance the purchase of main power-generating equipment as part of the implementation of the investment projects of Inter RAO Group against security provided by an export credit agency, the suretyship agreement(s) to be entered into by and between the Debtor and GPB (OJSC), and/or VTB Bank OJSC, and/or VTB Capital plc, and/or Sberbank of Russia OJSC, and/or Bank Rossiya OJSC, and/or Alfa-Bank OJSC, and/or Absolute Bank JSCB (OJSC), and/or Sobinbank OJSC, and/or Roseximbank CJSC, and/or the Credit Bank of Moscow OJSC, and/or Svyaz Bank OJSC, and/or Rosbank JSCB (OJSC), and/or Petrocommerce Bank OJSC, and/or the Bank of Development and Foreign Economic Activities (Vnesheconombank) (State Corporation), and/or the Eurasian Bank of Development, and/or the Bank of Tokyo-Mitsubishi UFJ (Eurasia), and/or the European Bank For Reconstruction and Development, and/or Nordea Bank OJSC, and/or ING Bank N.V., ING Bank, a branch of ING DiBa AG, and/or Commerzbank AG, and/or HSBC Holdings plc, and/or Raiffeisenbank CJSC, and/or Mizuho Bank, and/or Sumitomo Mitsui Banking Corporation, and/or UniCredit Group, and/or Bank of America Corporation, and/or Barclays Bank, and/or BNP Pariba CJSC, and/or Goldman Sachs, and/or Deutsche Bank, and/or Intesa Sanpaolo, and/or Royal Bank of Scotland, and/or Bank of America Merrill Lynch, and/or Citigroup, and/or the China Construction Bank (CCB), and/or UBS, and/or Société Générale, and/or the Bank of Georgia, and/or the Industrial and Commercial Bank of China (ICBC), and/or ICICI Bank, and/or JPMorgan Chase & Co, and/or KfW Bankengruppe, and/or IFC Group, and/or the World Bank Group, and/or Morgan Stanley, and/or Amsterdam Trade Bank N. V., and/or Crédit Agricole S.A., and/or Credit Suisse Group AG, and/or the European Investment Bank and/or other legal entities affiliated with these banks (hereinafter referred to individually as a "Lender") and/or the issuance by JSC Inter RAO of a guarantee(s) in favor of the aforesaid entities, without limiting their number (for each of the Banks) to secure the performance by Inter RAO Credit B.V. of all the payment obligations under the loan agreements to finance the purchase of the main power-generating equipment as part of the implementation of the investment projects of Inter RAO Group against security provided by an export credit agency, to be entered into by and between Inter RAO Credit B.V. with any of the Banks, in an amount that shall not exceed fifteen billion rubles (RUB 15,000,000,000.00), or an equivalent of that amount in USD or EUR, for a term of not more than twelve (12) years after the date of the loan agreements, increased by the absolute amount of interest that shall not be more than the key rate of the Central Bank of Russia plus five (5) percent per annum, or Mosprime plus three (3) percent per annum for loan agreements in Russian rubles, for loan agreements in USD or EUR, it shall not be more than four (4) percent per annum, or LIBOR/ EURIBOR plus three and half (3.5) percent per annum and the origination fee that shall not be more than three (3) percent of the credit limit, all fees and other costs and expenses incurred to arrange for and service the loan agreements and the suretyship/guarantee agreements, as well as late charges (penalties) accrued due to the Debtor's default on its payment obligations under the loan agreements.*

16.4.2.3. *The period for which a suretyship/guarantee is issued: up to three (3) years after the expiration of the period for the performance of the obligations secured by a suretyship/guarantee.*

16.4.2.4. *The amount of remuneration payable by the Debtor to the Surety/Guarantor for issuing a suretyship/guarantee (the contract price) is not more than three tenths of a percent (0.3%) per annum (plus eighteen percent (18%) VAT) of the value of the obligations, including the principal amount and interest (except for late charges (penalties) accrued due to the Debtor's default on its payment obligations under a loan agreement(s)) secured by the suretyship/guarantee.*